



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
HARDIN COUNTY  
SHERIFF'S SETTLEMENT - 1999 TAXES**

**April 28, 2000**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**  
**HARDIN COUNTY**  
**ROBERT E. THOMAS, SHERIFF**  
**SHERIFF TAX SETTLEMENT - 1999 TAXES**

**APRIL 28, 2000**

**Independent Auditors Report:**

We would like to commend the Hardin County Sheriff, Robert Thomas, and Finance Director, Donna Cross, for their excellent accounting procedures and record keeping. As in prior years, they have demonstrated a high degree of knowledge and proficiency concerning property tax collections and distributions, and of the laws governing them.

**Financial Statement:**

The Sheriff's tax collections amounted to \$22,536,628. Taxes were properly distributed to the taxing districts.

**Notes to Financial Statements:**

**Interest Income-**

The Hardin County Sheriff earned \$55,632 as interest income on 1999 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

**Overpayments Of West Point School District Taxes-**

For 1999 taxes, the West Point School District approved a rate of 77.6%. However, after the tax bills were printed and mailed, the school board was notified by the Kentucky Department of Education that this rate exceeded the 4% allowable compensating increase. The tax rate was then lowered to the appropriate level (73.5%), but the taxes were collected and paid at the incorrect rate. The error resulted in taxpayers overpaying the West Point School District's taxes by a total of \$4,785. Since the Sheriff has already distributed these tax payments, the West Point School District is handling the taxpayer refunds.



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Edward B. Hatchett, Jr.  
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Glen D. Dalton, Hardin County Judge/Executive

Honorable Robert E. Thomas, Hardin County Sheriff

Members of the Hardin County Fiscal Court

Independent Auditor's Report

We have audited the Hardin County Sheriff's Settlement - 1999 Taxes as of April 28, 2000. This tax settlement is the responsibility of the Hardin County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted Government Auditing Standards and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Sheriff prepares his financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Hardin County Sheriff's taxes charged, credited, and paid as of April 28, 2000, in conformity with the basis of accounting described in the preceding paragraph.

- We would like to commend the Hardin County Sheriff, Robert Thomas, and Finance Director, Donna Cross, for their excellent accounting procedures and record keeping. As in prior years, they have demonstrated a high degree of knowledge and proficiency concerning property tax collections and distributions, and of the laws governing them.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Glen D. Dalton, Hardin County Judge/Executive

Honorable Robert E. Thomas, Hardin County Sheriff

Members of the Hardin County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated September 25, 2000, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -  
September 25, 2000



HARDIN COUNTY  
ROBERT E. THOMAS, SHERIFF  
SHERIFF'S SETTLEMENT - 1999 TAXES

April 28, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 2,945,447	\$ 876,727	\$ 11,544,090	\$ 3,739,883
Tangible Personal Property	284,864	90,489	1,147,006	970,963
Intangible Personal Property				367,064
Fire Protection	1,613			
Franchise Corporation	198,777	58,731	823,572	
County Road Taxes	16,264			
1999 Limestone, Sand and Gravel Reserves	675	185	2,632	854
1999 Undeveloped Oil and Gas Properties	1		5	2
Bank Franchise	160,851			
Additional Bills	187	51	717	245
Supplemental Bills	209	57	817	265
Increased Through Erroneous Assessments	2,949	817	11,540	63,798
Penalties	21,321	6,587	81,864	28,727
Adjusted to Sheriff's Receipt	22	68	9	5
Gross Chargeable to Sheriff	<u>\$ 3,633,180</u>	<u>\$ 1,033,712</u>	<u>\$ 13,612,252</u>	<u>\$ 5,171,806</u>
<u>Credits</u>				
Discounts	\$ 54,288	\$ 15,090	\$ 200,752	\$ 83,870
Exonerations	14,446	4,420	56,865	26,444
Delinquents:				
Real Estate	39,814	14,351	157,702	50,349
County Road Taxes	1,883			
Tangible Personal Property	4,966	1,515	19,758	11,429
Intangible Personal Property				1,688
Uncollected Franchise	28,691	8,471	117,530	
Total Credits	<u>\$ 144,088</u>	<u>\$ 43,847</u>	<u>\$ 552,607</u>	<u>\$ 173,780</u>
Net Tax Yield	\$ 3,489,092	\$ 989,865	\$ 13,059,645	\$ 4,998,026
Less: Commissions *	148,574	42,069	195,895	212,704
Net Taxes Due	\$ 3,340,518	\$ 947,796	\$ 12,863,750	\$ 4,785,322
Taxes Paid	3,338,277	947,188	12,854,991	4,782,312
Refunds (Current and Prior Year)	2,241	608	8,764	3,010
Due Districts or (Refunds Due Sheriff) as of Completion of Fieldwork	<u>\$ 0</u>	<u>\$ 0</u>	<u>** (5)</u>	<u>\$ 0</u>

\* and \*\* See Page 4

HARDIN COUNTY  
ROBERT E. THOMAS, SHERIFF  
SHERIFF'S SETTLEMENT - 1999 TAXES  
April 28, 2000  
(Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	9,466,983
1.5% on	\$	13,059,645

\*\* West Point School District (Refund Due Sheriff)

\$ (5)

HARDIN COUNTY  
NOTES TO FINANCIAL STATEMENT

April 28, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of April 28, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

HARDIN COUNTY  
NOTES TO FINANCIAL STATEMENT  
April 28, 2000  
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1999. Property taxes were billed to finance governmental services for the year ended June 30, 2000. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 29, 1999 through April 28, 2000.

Note 4. Interest Income

The Hardin County Sheriff earned \$55,632 as interest income on 1999 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

Note 5. Unrefundable Duplicate Payments And Unexplained Receipts Should Be Escrowed

The Sheriff should deposit any unrefundable duplicate payments and unexplained receipts in an interest-bearing account. According to KRS 393.110, the Sheriff should properly report annually to the Treasury Department any unclaimed moneys. After seven years, if the funds have not been claimed, the funds should be submitted to the Kentucky State Treasurer. For the 1999 taxes, the Sheriff had \$1,512 in unrefundable duplicate payments and unexplained receipts. Therefore, the Sheriff should send a written report to the Treasury Department.

Note 6. Overpayments Of West Point School District Taxes

For 1999 taxes, the West Point School District approved a rate of 77.6%. However, after the tax bills were printed and mailed, the school board was notified by the Kentucky Department of Education that this rate exceeded the 4% allowable compensating increase. The tax rate was then lowered to the appropriate level (73.5%), but the taxes were collected and paid at the incorrect rate. The error resulted in taxpayers overpaying the West Point School District's taxes by a total of \$4,785. Since the Sheriff has already distributed these tax payments, the West Point School District is handling the taxpayer refunds.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Glen D. Dalton, Hardin County Judge/Executive  
Honorable Robert E. Thomas, Hardin County Sheriff  
Members of the Hardin County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Hardin County Sheriff's Settlement - 1999 Taxes as of April 28, 2000, and have issued our report thereon dated September 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Hardin County Sheriff's Settlement - 1999 Taxes as of April 28, 2000 is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hardin County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Glen D. Dalton, Hardin County Judge/Executive  
Honorable Robert E. Thomas, Hardin County Sheriff  
Members of the Hardin County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
September 25, 2000



